

Strong growth and several cost reduction initiatives help Kingfisher Airlines limit losses in a challenging operating environment.

Mumbai, 15 November 2011: This has been a challenging quarter for the Industry. The momentum has continued with a demand growth of 20% in Q2 FY12, however it has been matched by a capacity growth of 20%, putting pressure on the yields for the Industry. This has been coupled with a more than 35% rise in fuel price as compared to the same quarter last year.

Kingfisher continues to focus on its strengths to deliver a better than Industry performance with a load factor of 77% compared to the Industry load factor of 72% and a total revenue of Rs. 1,630 Cr which is an 8% improvement over the same quarter last year.

For the quarter ended Q2 FY12, EBITDAR loss was Rs. 23 Cr vs. a profit of Rs. 307 Cr in the same quarter last year. The EBITDAR Margin was -1.4% compared to +20.3% in the same quarter last year.

EBITDA loss for Q2 FY12 was Rs. 271 Cr vs. a profit of Rs. 55 Cr in the same quarter last year. The EBITDA Margin was -16.7% compared to +3.7% in the same quarter last year. This performance was delivered despite a fuel cost increase of Rs. 337 Cr.

Net loss for the quarter stood at Rs. 469 Cr in Q2 FY12, which is a -29% margin compared to a loss of Rs. 231 Cr and a -15.3% margin in the same quarter last year. The savings on interest and other costs were offset by a steep hike in fuel prices and the weakening of the Indian rupee, which negatively impacted 70% of the cost base.

Domestic operations saw a 5% increase in revenues in Q2 FY12 as compared to Q2 FY11 and delivered an EBITDAR margin of -0.8% as compared to +24.7% margin in Q2 FY11. The non-fuel unit cost for domestic operations improved by 10% over Q2 FY11 on the back of several cost reduction initiatives.

International Operations continued to mature with an 11% increase in revenues in Q2 FY12 as compared to Q2 FY11. The EBITDAR margin for International operations stood at -3.2% in Q2 FY12 as compared to +5.1% in Q2 FY11. The non-fuel unit cost for International operations declined by 4% over Q2 FY11 reflecting the cost reduction actions of the airline.

Going forward Kingfisher retains its commitment to improve operations and maintain its prime standing with consumers. Kingfisher Airlines has initiated a large-scale aircraft reconfiguration and transition to the full service model – this would enable a greater number of seats in the air within the current costs and increase the choice of flights for our premium guests. Kingfisher is also undertaking several actions to further enhance profitability including network rationalization, steps to reduce interest cost and a streamlining of existing fleet order.